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## A country polarised: Peru's 2011 election

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by Francisco Durand

Peru's 2011 runoff election on June the 5th is a critical, hotly contested election between two candidates who represent opposing views of Peru and its place in the world. A quick view at this polarized, highly competitive election shows how quickly the political landscape can change, but also makes clear the presence of long-term political, economic and social problems which may indicate the opposite: that Peru in fact 'never changes'.

There are three main reasons why the 2011 election is so critical. One, given the virtual tie between the two leading candidates, Ollanta Humala and Keiko Fujimori, and the lack of neutrality exhibited by President García, it will test the country's electoral institutions, whose credibility is most needed the moment results are announced. Depending on the winners, the day after the president elect is known, two possible dynamics will be triggered. If Keiko wins, there will be attempts to mobilize people and challenge the election, so the 'street', not the Congress, shapes the political agenda. If Ollanta wins, it may trigger conspiratorial moves by a conservative military, religious and political fujimorista coalition prone to using 'all necessary means'.

Two, the elections will determine whether permissive free market policies will remain untouched (if Keiko wins) or changed in a more restrictive direction (if Ollanta wins). It is thus a battle between policy continuity and the consolidation of the neoliberal republic, or a break that will reinforce regulatory and state powers to develop a national market economy.

Three, the results will also have geopolitical consequences: either Peru will remain aligned to the U.S., thus reinforcing the conservative block of the Pacific (together with Chile and Colombia), or will break down the middle by becoming a key partner of Brazil and joining the social democratic bloc formed in the Atlantic by Mercosur nations.

Yet, what is surprising is that all these issues were not even discussed a few months ago, an indication that Peru polarise so quickly as to surprise even the most experienced political analysts. How then can we explain such changes? Who generates these surprises? And, more generally, how can these political trends be generated at a time when the economy has fared extraordinarily well?

At the beginning of the campaign in January and February, the country witnessed a tremendous dispersion of political preferences (already reflected in the Congress, divided among five political parties) and a predominance of free market candidates. A total of eight initially ran for the presidency, and all except Ollanta supported the current economic and geopolitical orientation. Most analysts will agree that volatility is a function of weak party systems, a trait the election has reinforced, as outsiders and those organizations formed just before the election campaign have prevailed. One may also add another factor in the mix: the parties and leaders only began getting in touch with the poor and the provinces a few months before the election, not knowing in advance what type of response they would get. The results indicated their 'surprising' preferences: a government connected to the poor, but two different visions of how that can be achieved.

The political dynamics of this crucial election needs to be understood with reference to economic trends and the inability of the neoliberal political class that has ruled Peru since 1990 to address some of the most pressing social and institutional problems. What is so startling about the 2011 political outcomes – in particular the strength of the nationalist/leftist candidate – is the fact that the economic cycle in Peru has never been so positive, a fact that may indicate a disconnect between economic trends and political outcomes.

Peru has experienced an export bonanza since 2002, which was only slightly interrupted by the Great Recession of 2009 and has since been quickly reenergized thank to China's higher demand for commodities. Peru is now exporting copper, gold, silver, iron and a wide variety of agricultural products, plus some manufactured or semi-manufactured products. It is enjoying its strongest growth trend of the last 100 years, only comparable to the guano period of the 1840s-1850s. The economic cycle may give the impression that it does not make sense to try to elect a leader like Ollanta, who represents forces critical of the economic model, and at the same time that it makes sense to defend the gains at all costs with the return of strong handed fujimoristas. Let me explain these apparent paradoxes.

While the export economy has been booming, Peru has not experienced institutional development. Bad government is part of the harsh political reality of the country, whether municipal, regional or central. Security has also diminished, a process visible in the current development of informal and criminal economies (the former stimulated by a capital intensive mining sector and the latter by the coca economy, contraband and other illicit activities, that have also generated new forms of criminality).

The losers and the communities that have benefited least from the economic policies distrust pro-business states and are the ones who support Ollanta with unwavering enthusiasm. When a poor lady was asked why she voted for Humala, the answer was revealing: “por que estoy jodida” (because I am fucked up). Yet, the positive economic trends have also some moderating effects that are visible today. It explains why Ollanta currently enjoys support of 40% of the electorate and not more. A recession or an economic slowdown would have worked in his favor. In addition, the boom factor may also explain why Humala has moderated his tone and moved away from a more radical and interventionist Plan de Gobierno.

In Keiko's case, what one sees is an elite attempt hidden behind her to reinforce the defense of the model and its privileges with a mano dura (strong hand) government, while at the same (re)connecting the government with the poor with a traditional clientelistic model of food redistribution, school construction and temporary work programs.

All these considerations point to the fact that even if short-term trends are hardly predictable in Peru it is also possible to identify key problems and processes that one can be seen always at work – although now combined in ways that are certainly surprising.

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